

GOLF RECREATION SCOTLAND LIMITED

**ANNUAL REPORT COMPRISING
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 31 DECEMBER 2014

WEDNESDAY



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SCT 30/09/2015 #214
COMPANIES HOUSE

GOLF RECREATION SCOTLAND LIMITED

COMPANY INFORMATION

Directors	D Trump E Trump	(Appointed 11 April 2014) (Appointed 29 September 2015)
Secretary	R Graff-Riccio	
Company number	SC469689	
Registered office	4 th Floor Saltire Court 20 Castle Terrace Edinburgh EH1 2EN	
Auditors	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND	

GOLF RECREATION SCOTLAND LIMITED

CONTENTS

	Page
Group strategic report	1 - 2
Group directors' report	3
Independent auditors' report	4 - 5
Consolidated profit and loss account	6
Consolidated statement of comprehensive income	7
Balance sheets	8
Statement of changes in equity	9
Consolidated cash flow statement	10
Notes to the consolidated financial statements	11 - 19

GOLF RECREATION SCOTLAND LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

Principal Activities

The group's principal activity during the period was that of the operation of the Turnberry Resort and associated leisure facilities.

Review of the business

In June 2014, principal subsidiary, SLC Turnberry Limited was purchased by The Trump Organisation through Golf Recreation Scotland Limited with a view to fulfilling the potential of this unique resort, through the implementation of significant improvements to the luxury hotel and long awaited enhancements to the world renowned Ailsa Course.

The changes to the course include redesign of several holes and a lengthening of the course to 7,357 yards, which will help ensure the course evolves to meet the modern standard of championship golf, whilst being sensitive to the history and scenic beauty of this famous course. All proposed changes have been carefully considered in conjunction with the R&A and we firmly believe the changes will be embraced by both amateur and professional players alike, as well as the wider golfing community. We were delighted to welcome the Women's Open to Turnberry in July 2015 and look forward to welcoming many more championships in the years to come.

The Trump Organisation are fully committed to the resort and to ensure the construction work can progress as effectively as possible, the hotel and Ailsa Course closed in September 2015 and will re-open in June 2016. The new clubhouse, golf academy and Kintyre Course will remain open during this time.

Results

The profit and loss account and balance sheet are set out on page 6 and 8. The loss for the financial period amounted to £3.6m. Total equity at the period end was a deficit of £6.7m.

Significant capital expenditure has taken place in 2014 which is reflected in the current period results and this spend will continue during 2015. Alongside the continuing hotel and golf course renovations, the iconic club house has also seen significant refurbishment during 2014 and is now fully operational as at the date of this review.

Key performance indicators

Management of the group provide the directors with a suite of KPI's at the end of each month. These include a month on month and year on year changes in revenue, costs and operating profit for each department.

Turnover at the resort has grown by 4% from 2013 to 2014, however this will not be maintained in 2015 due to the closure of parts of the resort as noted above. Upon completion of the construction project, it is expected that revenue will continue to grow as the property is re-established as an industry-leading resort. The directors believe that the resort will return to profitability in the short to medium term.

Non-financial KPI's include the number of repeat customers to the resort and guest satisfaction. We strive to ensure that Turnberry remains established as a world-leading destination golf resort and are confident that the work currently being undertaken will encourage new visitors to experience the resort, as well as driving repeat custom from our previous guests.

GOLF RECREATION SCOTLAND LIMITED

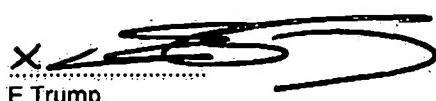
GROUP STRATEGIC REPORT (continued) FOR THE PERIOD ENDED 31 DECEMBER 2014

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially affect the group's future operating profit or financial position:

- Significant adverse foreign currency fluctuations which impact the ability of overseas visitors to visit Scotland;
- Significant macro-economic downturns or market volatility in key customer markets including UK, USA and Europe adversely impacting spending in the luxury market; and
- New competition in the Scottish and international resort market.

The group has business policies and organisational structures to limit these risks and the board of directors and management regularly review, reassess and proactively limit the associated risks.



E Trump
Director

30 SEPTEMBER 2015

GOLF RECREATION SCOTLAND LIMITED

GROUP DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

The directors present their report and financial statements for the period ended 31 December 2014.

The company was incorporated on 11 February 2014 and the financial statements represent the period from that date to 31 December 2014.

Results and dividends

The consolidated profit and loss for the period is set out on page 6.

The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 11 February 2014, unless otherwise stated:

D Trump	(Appointed 11 April 2014)
E Trump	(Appointed 29 September 2015)

Statement of directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, the Group Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102, "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS102). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the Board

X.....
E Trump
Director
30 SEPTEMBER 2015

GOLF RECREATION SCOTLAND LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOLF RECREATION SCOTLAND LIMITED

We have audited the financial statements of Golf Recreation Scotland Limited for the period ended 31 December 2014 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102, "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS102).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 December 2014 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and Group Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

GOLF RECREATION SCOTLAND LIMITED

INDEPENDENT AUDITORS' REPORT (continued) TO THE MEMBERS OF GOLF RECREATION SCOTLAND LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

~~Johnston Carmichael LLP~~
John McLaren (Senior Statutory Auditor)

for and on behalf of Johnston Carmichael LLP

30/a/5

Chartered Accountants
Statutory Auditor

227 West George Street
Glasgow
G2 2ND

GOLF RECREATION SCOTLAND LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2014

	Notes	Period ended 31 December 2014 £000
Continuing operations		
Turnover	2	9,209
Cost of sales		(5,755)
Gross profit		3,454
Administrative expenses		(3,182)
Operating profit before depreciation and amortisation		272
Depreciation and amortisation	3	(3,860)
Operating loss	3	(3,588)
Interest payable and similar charges	4	(15)
Loss on ordinary activities before taxation		(3,603)
Tax on loss on ordinary activities	5	-
Loss for the financial period	14	(3,603)

GOLF RECREATION SCOTLAND LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2014

	Notes	Period ended 31 December 2014 £000
Loss for the financial period		(3,603)
Other comprehensive income:		
Currency translation differences	14	(3,124)
Other comprehensive income for the period, net of tax		(3,124)
Total comprehensive income for the period		(6,727)

GOLF RECREATION SCOTLAND LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2014

	Notes	Group £000	Company £000
Fixed assets			
Intangible assets	7	10,899	-
Tangible assets	8	24,678	-
Investments	9	-	41,677
		35,577	41,677
Current assets			
Stocks	10	234	-
Debtors	11	672	257
Cash at bank and in hand		747	7
		1,653	264
Creditors: amounts falling due within one year	12	(43,957)	(42,015)
Net current liabilities		(42,304)	(41,751)
Total assets less current liabilities		(6,727)	(74)
Capital and reserves			
Called up share capital	13	-	-
Other reserves	14	(3,124)	(1)
Retained earnings	14	(3,603)	(73)
Total equity		(6,727)	(74)

Approved by the Board and authorised for issue on: 30 SEPTEMBER 2015

E Trump
Director

Company Registration No. SC469689

GOLF RECREATION SCOTLAND LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

Group	Other reserves £000	Retained earnings £000	Total £000
Loss for the period	-	(3,603)	(3,603)
Effect of foreign exchange	(3,124)	-	(3,124)
Balance at 31 December 2014	(3,124)	(3,603)	(6,727)
<hr/>			
Company	Other reserves £000	Retained earnings £000	Total £000
Loss for the period	-	(73)	(73)
Effect of foreign exchange	(1)	-	(1)
Balance at 31 December 2014	(1)	(73)	(74)

GOLF RECREATION SCOTLAND LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2014

Period ended
31 December 2014
£000

Cash flows from operating activities

Loss for the financial period	(3,603)
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Adjustments for:

Interest payable	15
Amortisation of intangible fixed assets	1,564
Depreciation of tangible fixed assets	2,296
Decrease in trade and other debtors	648
Decrease in stocks	176
Decrease in trade and other creditors	<u>(1,549)</u>

Cash generated from operating activities	(453)
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Tax paid	-
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Net cash outflow from operating activities	(453)
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Cash flows from investing activities

Purchase of tangible fixed assets	(1,082)
Purchase of subsidiary undertakings	<u>(41,677)</u>
Cash obtained through acquisition of subsidiary undertakings	<u>1,959</u>

Net cash outflow from investing activities	(40,800)
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Cash flows from financing activities

Interest paid	(15)
Funding received from parent company	<u>42,015</u>

Net cash inflow from financing activities	<u>42,000</u>
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Net cash increase in cash and cash equivalents	747
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Cash and cash equivalents at the beginning of the period	-
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Cash and cash equivalents at the end of the period	<u>747</u>
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GOLF RECREATION SCOTLAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

1 Accounting policies

Golf Recreation Scotland Limited ("the company") is a limited company incorporated in the United Kingdom. The address of its registered office is disclosed on the company information page.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The principal accounting policies are set out below.

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice including FRS102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006. The group has early adopted FRS102.

1.2 Basis of preparation

The company was incorporated on 11 February 2014 and the financial statements represent the period from that date to 31 December 2014. Therefore, there are no comparative figures.

The functional currency of Golf Recreation Scotland Limited is U.S Dollars \$. The presentational currency of these financial statements is Sterling (£).

These consolidated financial statements include the financial statements of Golf Recreation Scotland Limited and all its subsidiary undertakings (collectively known as "the group"), drawn up to 31 December 2014.

The parent company and subsidiaries have taken the following exemptions under the reduced disclosure framework of FRS102:

- from the requirement to present a statement of cashflows;
- from the requirements of FRS102 Section 11 paragraphs 11.39 to 11.48A relating to certain financial instrument disclosures as equivalent disclosures are included within the consolidated financial statements.

1.3 Going concern

These financial statements are prepared on the going concern basis.

The group had net current liabilities at 31 December 2014 and is dependent on continuing finance being made available by its ultimate owner to enable it to continue operating and to meet its liabilities as they fall due.

The Trump Organisation have confirmed that it will ensure all necessary financial support is provided to the group for the foreseeable future to enable it to meet its financial obligations as they fall due for at least a period of 12 months from the date of signing the financial statements.

1.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT.

1.5 Intangible assets

Goodwill

Acquired goodwill is written off in equal annual instalments over 5 years, which the directors consider to be its estimated useful economic life.

Other intangibles

Other intangible assets relate to advance bookings. These are written over a period of 1 year.

GOLF RECREATION SCOTLAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2014

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	- 40 years
Fixtures, fittings & equipment	- 2-20 years
Construction in progress	- Not depreciated

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Impairment of tangible and intangible assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment the carrying values of the assets are amended accordingly.

1.8 Leasing and hire purchase commitments

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the asset's fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.9 Investments

Fixed asset investments are stated at cost less impairment.

1.10 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

1.11 Pension schemes

The group makes contributions to personal pension schemes for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

1.12 Taxation

Current tax

The tax currently payable is based on taxable profit for the year, adjusted for disallowable items.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

GOLF RECREATION SCOTLAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2014

1.12 Taxation

(continued)

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

1.14 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1.15 Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Accordingly, a financial instrument is treated as equity if:

- There is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- The instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the group exchanging a fixed amount of cash or other assets for a fixed number of the group's own equity instruments.

1.16 Judgements and key sources of estimation uncertainty

The following judgements and estimations have been made in the process of applying the accounting policies that have had the most significant effect on amounts recognised in the financial statements.

- The group establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business and the expected useful life of the cash generating units to which the goodwill is attributed;
- Due to resort-wide renovation, certain fixed asset additions have been categorised as 'construction in progress'. As work remains on-going at the balance sheet date, no depreciation charge has been recognised in the current year for such assets.
- Land and buildings acquired within SLC Turnberry Limited have been fair valued based upon available data for purchases of similar assets to determine a base rate per unit of area, subsequently adjusted to reflect local market conditions and the age and condition of the property.
- Fixtures, fittings and equipment acquired through SLC Turnberry Limited have been fair valued based upon assessment of the replacement cost, discounted to reflect deterioration due to age.
- Intangible assets for advance bookings have been fair valued at the acquisition date based upon the forecast contribution in respect of future events for which bookings were made at the date of acquisition.
- The fair value of all other book assets of SLC Turnberry are considered to be materially reflected by the book value within the books of the company at the date of acquisition.

1.17 Foreign exchange

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

GOLF RECREATION SCOTLAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2014

1.17 Foreign exchange

(continued)

The functional currency of Golf Recreation Scotland Limited is U.S Dollars \$ and the presentational currency of these financial statements is Sterling (£). Foreign exchange differences arising upon presentation are taken to other reserves.

2 Turnover

The total turnover of the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss

2014
£000

Operating loss is stated after charging:

Amortisation of intangible assets	1,564
Depreciation of tangible assets	2,296
Loss on disposal of tangible assets	-
Fees payable to the group's auditor for the audit of the group's annual accounts (company £9,450)	35

4 Interest payable and similar charges

2014
£000

Hire purchase interest	15
_____	_____

5 Taxation

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

2014
£000

Loss before taxation on continuing operations	(3,603)
_____	_____

Loss on ordinary activities before taxation multiplied by standard rate of Corporation tax of 21.49%	(774)
_____	_____

Effects of:

Depreciation and amortisation	(830)
Non-deductible expenses	1
Rate adjustment on deferred tax	16
Deferred tax asset not recognised	1,587

Total tax charge for the period

The group has a deferred tax asset of £8.4m that has not been recognised as there is no certainty of taxable profits in the future.

6 Loss for the financial period

As permitted by section 408 Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The loss for the financial period is made up as follows:

2014
£000

Holding company's loss for the financial period	73
_____	_____

GOLF RECREATION SCOTLAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2014

7 Intangible fixed assets

Group	Goodwill £000	Other intangibles £000	Total £000
Cost			
Additions	12,063	400	12,463
At 31 December 2014	12,063	400	12,463
Amortisation			
Charge for the period	1,342	222	1,564
At 31 December 2014	1,342	222	1,564
Net book value			
At 31 December 2014	10,721	178	10,899

The goodwill was acquired through the company's purchase of SLC Turnberry Limited (see note 9).

8 Tangible fixed assets

Group	Freehold land and buildings £000	Fixtures, fittings & equipment £000	Construction in progress £000	Total £000
Cost				
On acquisition	24,165	1,408	319	25,892
Additions	-	-	1,082	1,082
At 31 December 2014	24,165	-	1,401	26,974
Depreciation				
Charge for the period	1,336	960	-	2,296
At 31 December 2014	1,336	960	-	2,296
Net book value				
At 31 December 2014	22,829	448	1,401	24,678

9 Fixed asset investments

Company	Shares in group undertakings £000
Cost	
Additions	
31 December 2014	41,677
	41,677

Acquisition of subsidiary

On 11 June 2014 the company acquired the entire ordinary share capital of SLC Turnberry Limited (and indirectly its wholly owned subsidiary Nitto World Co., Limited) for a consideration of \$65m (£41.7m) satisfied through cash. The investment in SLC Turnberry Limited has been accounted for using the acquisition method of accounting and has been included in the company's balance sheet at cost.

GOLF RECREATION SCOTLAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2014

9 Fixed asset investments

(Continued)

Analysis of the acquisition of SLC Turnberry Limited and its subsidiary:

Net assets at the date of acquisition

	Book value £000	Revaluation adjustments £000	Consolidated fair value to group £000
Tangible assets	5,024	20,868 ^(a)	25,892
Intangible assets	-	400 ^(b)	400
Stocks and work in progress	410	-	410
Debtors	1,320	-	1,320
Cash	1,959	-	1,959
Creditors due within one year	(3,491)	-	(3,491)
Net assets	5,222	21,268	26,490
Goodwill arising on acquisition			12,063
Movement on foreign exchange			3,124
			41,677
Discharged by:			
Consideration in cash			41,504
Costs associated with the acquisition			173
			41,677
Adjustments:			
(a) Increase in value of tangible fixed assets to fair value.			
(b) Intangible asset of £400,000 identified for advance bookings.			

Revenue of £9,209,462 and profit after tax of £332,422 arose in the period from acquisition to 31 December 2014 relating to SLC Turnberry.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or Incorporation	Shares Class	%
Subsidiary undertakings			
SLC Turnberry Limited	Scotland	Ordinary	100
Nitto World Co., Limited*	Scotland	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
SLC Turnberry Limited	Operation of the Turnberry resort
Nitto World Co., Limited	Dormant

*The share capital of Nitto World Co., Limited is 100% owned by SLC Turnberry Limited.

10 Stocks and work in progress

Group 2014 £00	Company 2014 £000
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Raw materials and consumables

234	-
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The amount of stock recognised as an expense in cost of sales during the period is £1,022,580.

GOLF RECREATION SCOTLAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2014

11 Debtors

	Group 2014 £000	Company 2014 £000
Trade debtors	446	-
Amounts owed by group undertakings	-	257
Prepayments and accrued income	226	-
	<u>672</u>	<u>257</u>

12 Creditors: amounts falling due within one year

	Group 2014 £000	Company 2014 £000
Trade creditors	341	-
Amounts owed to parent	42,015	42,015
Taxes and social security costs	237	-
Accruals and deferred income	1,364	-
	<u>43,957</u>	<u>42,015</u>

Amounts owed to parent are repayable on demand, with no interest charged.

13 Share capital

	2014 £000
Allotted, called up and fully paid	-
1 Ordinary share of £1 each	-

14 Statement of movements on reserves

Group	Other reserves account £000	Profit and loss account £000
Loss for the period	-	(3,603)
Effect of foreign exchange	(3,124)	-
Balance at 31 December 2014	<u>(3,124)</u>	<u>(3,603)</u>

The profit and loss reserve account represents the accumulated comprehensive loss for the period.

Foreign exchange differences taken to reserves represents differences arising on presentation of entities within the group with functional currency other than pounds sterling.

Company	Other reserves account £000	Profit and loss account £000
Loss for the period	-	(73)
Effect of foreign exchange	(1)	-
Balance at 31 December 2014	<u>(1)</u>	<u>(73)</u>

The profit and loss reserve account represents the accumulated comprehensive loss for the period.

GOLF RECREATION SCOTLAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2014

15 Financial commitments

At 31 December 2014 the group was committed to making the following minimum lease payments under non-cancellable operating leases over the following periods:

Group	Other 2014 £'000
Less than one year	4
Between two and five years	63
Balance at 31 December 2014	67

16 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

Group	2014 Number
Operating	210
Administrative	26
Balance at 31 December 2014	236

Employment costs

	2014 £'000
Wages and salaries	6,282
Social security costs	460
Balance at 31 December 2014	6,742

17 Related party relationships and transactions

	2014 £'000
Creditor amounts due to parent	42,015

Key management personnel

No key management personnel of the group are remunerated by the group.

18 Financial risk management

The group has exposure to two main areas of risk – liquidity risk and consumer credit exposure.

Liquidity risk

The objective of the group in managing liquidity is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group has credit facilities available.

Foreign exchange risk

The group is exposed to adverse foreign currency fluctuations which can impact the carrying value of inter-group lending.

GOLF RECREATION SCOTLAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2014

19 Controlling party

The ultimate parent company is Turnberry Scotland Managing Member Corp, a company registered in Delaware, USA.

The ultimate controlling party is Mr Donald Trump.

Golf Recreation Scotland Limited is the smallest and largest group of companies for which group accounts are prepared.

20 Financial instruments

The group and company's financial instruments are shown below and are all carried at amortised cost.

	Group 2014 £000	Company 2014 £000
Financial assets		
Cash	747	7
Trade and other receivables	446	-
Loans	-	257
	<u>1,193</u>	<u>264</u>
Financial liabilities		
Trade creditors	341	-
Loans and borrowings	42,015	42,015
Taxes and social security	237	-
Accruals	542	-
	<u>43,135</u>	<u>42,015</u>